

VZCZCXRO5132
RR RUEHCHI RUEHDT RUEHHM RUEHNH
DE RUEHKL #0482/01 1620837
ZNY CCCCC ZZH
R 100837Z JUN 08
FM AMEMBASSY KUALA LUMPUR
TO RUEHC/SECSTATE WASHDC 1108
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RHHMUNA/USCINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000482

SIPDIS

STATE FOR EAP/MTS

E.O. 12958: DECL: 06/10/2018

TAGS: [PGOV](#) [ASEC](#) [ECON](#) [MY](#)

SUBJECT: OPPOSITION CALLS FOR PROTESTS OVER FUEL PRICES

REF: KL 476 -- MALAYSIA RAISES GAS PRICE

Classified By: Political Section Chief Mark D. Clark, reasons 1.4 (b and d).

Summary

1. (SBU) Malaysia's sudden and drastic increase in fuel prices has given the Opposition a rallying point and new means to direct populist pressure against the incumbent National Front (BN) government. Opposition groups announced plans to stage a nation-wide series of protests, with the first large demonstration slated for June 13 in Kuala Lumpur. Anwar Ibrahim reiterated the Opposition's determination to take power by September 16. End Summary.

Protests Planned

2. (SBU) The Government's drastic 41 percent fuel price increase, initially planned for August but suddenly announced on June 4 (reftel), has given the Opposition a new rallying point and led to calls for protests. Thus far there have been only small demonstrations, but opposition parties, NGOs and civil society groups are planning nationwide demonstrations against the increase. On June 7, "PROTES," an anti-inflation coalition of opposition parties and non-governmental groups, announced plans for demonstrations in each Malaysian state, starting with Negeri Sembilan on June 14, and climaxing with a "mass demonstration" in Kuala Lumpur on July 12. In a separate initiative, Islamist opposition party PAS Youth Chief Salahuddin Ayub stated June 7 that the opposition coalition Peoples Alliance will hold peaceful protests "until the government does something to address this issue and review their decision." He added that PAS and Peoples Justice Party (PKR) de facto leader Anwar Ibrahim would hold a rally of 10,000 people on June 13 at the capital's Petronas Twin Towers. In a June 10 statement, the Peoples Alliance youth wing reaffirmed plans for the June 13 protest.

Political Opposition Takes Advantage

3. (SBU) In urging Malaysians not to rely on the opposition views of the price hike, PM Abdullah in a June 7 speech stressed the global nature of the oil market and GOM plans to provide assistance to lower income groups to offset the price increases. The political opposition is citing GOM mismanagement and corruption as factors behind the price hikes. PKR activists hung banners around Kuala Lumpur to counter the Government's assertion that the new petrol price of RM 2.70 per liter remains low relative to other countries. The banners noted that other petroleum producing countries such as Egypt, Nigeria and Venezuela still have much lower fuel prices.

14. (SBU) Poloffs attended a June 8 rally organized by the opposition alliance in a predominantly Malay neighborhood in Kuala Lumpur where several speakers from PAS and PKR combined expressions of outrage at the price hikes with calls for the ouster of the current government. PKR's Vice President Azmin Ali told the gathering of some 5,000 enthusiastic and mainly Malay supporters that price increases were to sustain "a corrupt government" and urged the people to participate in demonstrations. He also reiterated opposition leader Anwar Ibrahim's assertion that the Peoples Alliance would take over the government by September 16.

15. (U) Anwar told reporters June 8 that the government's unpopular decision will hasten its fall. Describing the decision to hike fuel price by 41 percent as "the highest single increase in fuel prices around the world," an "ill conceived plan," and an economic disaster, he called on the government to resign. Reiterating the party's March 2008 general election pledge, Anwar stated that if the Peoples Alliance forms the new government, it will cut fuel prices, adding that "I will immediately resign, if I do not keep my word." Responding to questions on the previously announced target of bringing down the BN government by September 16, Anwar said, "our timetable (for party crossovers) is still on. It's on schedule and now it's more attractive after the price hikes." Opposition Democratic Action Party (DAP) advisor Lim Kit Siang described the price hike as "unconscionable, unjustifiable and deplorable," especially in view of earlier GOM pledges that there would be no price hikes until August.

Mahathir Piles On

KUALA LUMP 00000482 002 OF 002

16. (U) Former PM Mahathir, who continues to lobby for PM Abdullah's removal, argued in his blog that the Government should have cut subsidies gradually to allow people to adjust to high fuel prices. Mahathir maintained that Malaysia can still afford subsidies because Petronas, the state oil company, is making good profits from strong global oil prices, while high commodity prices for such exports as palm oil and rubber have boosted government revenues. His son Mukriz Mahathir urged the GOM and other governments to speak out against "artificially inflated fuel prices" that were "actually helping the U.S. finance its occupation of Iraq and Afghanistan."

Comment

17. (C) Political momentum enjoyed by the Opposition after their unexpected gains in the March 8 election subsequently lagged as PM Abdullah's government weathered the initial parliamentary session and Anwar failed to capitalize on immediate threats that government MPs would cross over to the Opposition camp. PM Abdullah's unpopular decision to slash fuel price subsidies now presents opposition parties with a ready opportunity to reignite their public calls for a change in government. Steep increases in fuel prices and concerns over resulting inflation in other areas hit a raw nerve among the Malaysian public, particularly lower income groups. The Opposition has yet to prove, however, that it can sustain repeated major protests in the face of determined government counter-actions.

KEITH